

Commission on Local Government

Estimate of Local Fiscal Impact

2025 General Assembly Session | 1/20/25

In accordance with the provisions of 30-19.03 of the Code of Virginia, the staff of the Commission on Local Government offers the following analysis of legislation impacting local governments.

SB1122: Paid family and medical leave insurance program; notice requirements, civil action. (Patron: Jennifer Boysko)

Bill Summary: Paid family and medical leave insurance program; notice requirements; civil action. Requires the Virginia Employment Commission to establish and administer a paid family and medical leave insurance program with benefits beginning January 1, 2028. Under the program, benefits are paid to covered individuals, as defined in the bill, for family and medical leave. Funding for the program is provided through premiums assessed to employers and employees beginning January 1, 2027. The bill provides that the amount of a benefit is 80 percent of the employee's average weekly wage, not to exceed 120 percent of the state weekly wage, which amount is required to be adjusted annually to reflect changes in the statewide average weekly wage. The bill caps the duration of paid leave at 12 weeks in any application year and provides self-employed individuals the option of participating in the program.

Local Fiscal Impact: Net Additional Expenditure: x Net Reduction of Revenues:

Summary Analysis:

Number of Localities Responding: 3 Cities, 7 Counties, 3 Towns, 1 Other

Localities estimated a negative fiscal impact ranging from \$25,199 to \$7.7 million over the biennium.

Localities identified the bill's fiscal impact as being highly dependent on the premium rate, which is currently undetermined. Localities used different methods to calculate the amount that would be placed into a contribution fund for premiums. Some localities also stated that it would require additional personnel and administrative costs.

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Locality	Expenditure Narrative by Responding Localities
Albemarle County	This bill is expected to have major financial impacts on the County's expenditures. If the County is forced to pay premiums to support this program, its expenditures will rise significantly depending on the cost of the premiums. Without knowing the amount of the premiums, it is impossible to estimate the increase in expenditures.
Augusta County	Presently localities are required to carry Short Term Disability on Hybrid VRS members and that was mandated by the state years ago and the other employees who are not eligible for STD have sick leave that they can use for Family Medical Leave.
Chesterfield County	<p>In FY2024 the county processed over 85,000 hours of FMLA leave for nearly 600 employees, disbursing \$2.9 million in leave benefits. The proposed legislation would require our employees to file claims with an external agency, causing potential delays in accurate paycheck calculations. Additionally, the legislation's use of an "average weekly wage" (AWW) for benefit calculations could negatively affect employees' pay, as their current pay may exceed the AWW, depending on the timing of county pay increases. Furthermore, the county already has dedicated Human Resource staff to ensure compliance with federal laws, and a robust leave program that is inherently intertwined with the County's administration of the FMLA program. While this legislation may benefit smaller employers lacking resources for complex leave programs, it would impose financial burdens and administrative challenges on a locality of our size with well-established leave programs.</p> <p>It is difficult to quantify what the financial impact of such a sweeping change to the administration of benefits for our organization would be, but beyond the administrative cost of coordinating with the VEC, there is the potential for increased financial cost related to the setting of contribution rates.</p>
City of Alexandria	This legislation is estimated to have a fiscal impact of approximately \$3.8M if the City of Alexandria, as the employer, is directly assessed premiums reflecting cost for City employees receiving 12 weeks of paid leave at 80% of weekly salary. Estimates were calculated using the average City employee salary at 80% for 12 weeks of pay. Any employee premium share would impact the fiscal estimate.
City of Richmond	The City of Richmond anticipates an expense of \$1,500,000 to contribute to the contribution fund. The estimate is based on current salaries, a lower range contribution percentage, and sharing fifty percent with employees. The projection is on the low end assuming the commission does not decide to begin with a large contribution percentage. The wording of the legislation allows for the reasonable assumption that usage will increase due to the expansive language. The additional usage and brief processing time will require a minimum of two additional personnel, with an expectation that this number will increase with usage. The City is currently unable to provide fiscal impact information on the contractual impact, expedited services, and programming to assist with the execution of the legislation.
City of Winchester	Unsure due to not knowing the premium rate would be it's difficult to estimate. There is a clear budget impact.
Fauquier County	this amount is a calculation from 80% of FY24 FMLA benefit payments to staff. for every 1.5 million in cost to the County, it is a .01 cent increase to County taxpayers on taxes. This 1.2mil would be a 3/4cent increase.

Locality	Expenditure Narrative by Responding Localities
Mecklenburg County	<p>The cost of this proposed is based on an estimated 0.33% per employee employer premium as estimated by the Virginia Employment Commission in the Fiscal Impact Statement attached the bill cognate from the 2024 Session of the General Assembly (SB373). Additionally, the cost is only half of a full-year cost, as the proposal takes effect in the middle of a fiscal year. Further, this estimate is only for the County workforce, it does not incorporate the School System. The estimate does account for standard salary increases for our workforce over the next two fiscal years.</p>
Montgomery County	<p>The personnel cost estimates were calculated as follows:</p> <p>Personnel Costs = Ave. FMLA Expense X Current VEC Rate X Ave. # of Employees Using FMLA</p> <p>A 5% increase was applied to the FY 2026 estimate to derive the FY 2027 estimate.</p>
Northern Neck PDC	<p>Bill doesn't take effect until 2027, but the NNPDC as an employer would have to pay these premiums. The rate of the premiums has not yet been determined so the cost is not determined.</p>
Prince George County	<p>We have estimated the addition of one Human Resource Technician to administer such a program - shown in personnel costs. Non-recurring costs include furnishings and equipment for additional HR employee.</p> <p>We would have no real way to estimate the fiscal impact of this program because we do not know a state-wide, or employer specific premium rate (actuarially determined by VEC or third party administrator hired by VEC). We also do not know to whom this would apply; full-time only, or part-time as well.</p> <p>We do not know if this would replace our VRS Hybrid Plan disability insurance (VLDP program) for Hybrid Plan employees- in lieu of.</p> <p>We do not know if the employer could absorb / pay the employee premium or have to provide a salary increase if an employee premium is mandated (similar to the VRS employee 5% contribution mandate).</p> <p>For Operating Cost estimates above, we have calculated an 8% premium on base salaries, and have included full-time, part-time regular employees. Part-time temporary employees are excluded, and this does not include school employees (they have 4 times the number of employees).</p> <p>We have not eliminated the cost of VLDP which is budgeted at \$31,515 in FY2025 for Prince George County (and only covers VACORP administration, we still pay the employee when they are out).</p> <p>Although not a fiscal impact, we do have concerns over VEC's ability / capacity to administer such a program statewide, based on professional interactions, and level of response during the COVID emergency.</p>
Town of Chincoteague	

Locality	Expenditure Narrative by Responding Localities
Town of Christiansburg	This change would require at least one additional staff member to handle claims. Additional staffing in all departments because more employees will request leave if they are being paid and don't have the one year waiting period for FMLA. The eligibility criteria are also much broader, and we are too lean to lose a large number of employees at once. Consultant services would be needed to ensure proper setup in system.
Town of Rocky Mount	This will have a dollar impact but we cannot determine what the impact will be since we do not know what the premium amount will be per employee.